



UNITED STATES ENVIRONMENTAL PROTECTION AGENCY
REGION IX

IN THE MATTER OF:

Greka Oil and Gas, Inc.
a.k.a. Greka SMV
a.k.a. Greka Energy

a California Corporation,
Respondent

Proceeding Under Section 311(c)
of the Federal Water Pollution Control Act,
33 U.S.C. § 1321(c)

)
) U.S. EPA Docket
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)
)
) No. OPA 311-09-2006-0001
)
)
) ORDER FOR REMOVAL,
) MITIGATION OR PREVENTION OF A
) SUBSTANTIAL THREAT OF
) OIL DISCHARGE
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I. AUTHORITY

1. This Order for Removal, Mitigation or Prevention of a Substantial Threat of Oil Discharge, EPA Docket No. OPA 311-09-2006-0001 (the "Order"), is issued pursuant to the authority vested in the President of the United States by Section 311(c) of the Clean Water Act, 33 U.S.C. § 1321(c), as amended ("CWA"). This authority has been delegated to the Administrator of the United States Environmental Protection Agency ("EPA") by Executive Order No. 12777, 58 Federal Register 54757 (October 22, 1991), and further delegated to the Regional Administrator by EPA Delegation No. 2-89 and to EPA Region 9 On-Scene Coordinators by Regional Order R9 1250.30 (September 30, 1997).

2. EPA issues this Order to Greka Oil and Gas, Inc. ("Greka"), referred to herein as "Respondent." This Order provides for the performance of removal actions in connection with the discharge of oil into a tributary of Zaca Creek, from Respondent's facility at 5017 Zaca

Station Road, in Los Olivos, Santa Barbara County, California (the "Site"). This Order requires Respondent to immediately conduct response actions to remove, mitigate or prevent a substantial threat from the discharge of oil or hazardous substances into or on navigable waters or adjoining shorelines.

II. PARTIES BOUND

3. This Order applies to and is binding on Respondent, and Respondent's directors, officers, employees, agents, receivers, trustees, successors and assigns. Any change in ownership or corporate status of Respondent, including, but not limited to, any transfer of assets or real or personal property shall in no way alter Respondent's responsibilities under this Order.

III. DEFINITIONS

4. Unless expressly stated otherwise, terms used in this Order shall have such meaning as may be defined in Section 311(a) of the CWA, 33 U.S.C. § 1321(a).

5. "Order" shall mean this Order for Removal, Mitigation or Prevention of a Substantial Threat of Oil Discharge, EPA Docket No. OPA 311-09-2006-0001, and any documents incorporated herein pursuant to paragraph 16 of this Order.

6. "Day" shall mean a calendar day unless expressly stated to be a working day. "Working day" shall mean a day other than a Saturday, Sunday, or federal holiday.

IV. FINDINGS OF FACT AND VIOLATIONS

7. Respondent is incorporated and authorized to conduct business in the state of California. The registered agent for service of process on Respondent is Capitol Corporate Services, Inc. at 455 Capitol Mall Complex #217, in Sacramento, California.

8. Respondent owns and operates a crude oil production facility at the Site. On or about December 7, 2005, an apparent failure of a over-fill sensor, pressure release valve and the attached tank caused a discharge of approximately 100 barrels of oil and produced water from

the Davis Tank Battery at the Site. The discharge overwhelmed the secondary containment and traveled down an access road, through a drainage culvert and into a tributary of Zaca Creek, which is within the definition of navigable waters of the United States and adjoining shorelines for the purpose of the Section 311 of the Clean Water Act, 33 U.S.C. § 1321. The presence of heavy crude oil and produced water from the discharge is a substantial threat of the continued release of oil into or on navigable waters or adjoining shorelines to navigable waters.

9. The work to be performed pursuant to this Order is in accordance with the National Contingency Plan, 40 C.F.R. Part 300, and any appropriate Regional or Area Contingency Plan, and is necessary to ensure the effective and immediate removal, mitigation, or prevention of a substantial threat from a discharge of oil or hazardous substance.

V. ON SCENE COORDINATOR and PROJECT COORDINATOR

10. Robert Wise, an employee of EPA Region 9, shall be the primary On Scene Coordinator (“OSC”) and shall have the authorities, duties, and responsibilities vested in the OSC by the National Contingency Plan, 40 C.F.R. Part 300. The OSC’s authority includes, but is not limited to, the authority to halt, modify, conduct, or direct any tasks required by this Order. Within 6 hours of the Effective Date of this Order, Respondent shall designate a Project Coordinator who shall be responsible for overseeing Respondent’s implementation of this Order. Respondent’s notice of designation shall include an address and telephone number for Respondent’s Project Coordinator. To the maximum extent possible, all oral communications between Respondent and EPA concerning the activities performed pursuant to this Order shall be directed through the OSC and Respondent’s Project Coordinator.

VI. WORK TO BE PERFORMED

11. Respondent shall follow the terms set forth in this Order and perform the work as

required in this Order.

12. Respondent immediately shall work to ensure that oil from the Site does not enter into navigable waters or adjacent shorelines. Respondent shall take all necessary steps to remove the discharge or threat of continued discharge of oil into such waters from the Site, including the removal of uncontained or leaking oil or oily water from the Site.

13. Respondent shall propose necessary corrective action measures for the Site in accordance with paragraph 14 of this Order to ensure that there is no longer a substantial threat of a discharge of oil to the environment. Respondent shall perform the actions as approved by EPA in accordance with the process for approval stated in paragraph 16 of this Order.

14. Within 24 hours after the Effective Date of this Order, Respondent shall submit to EPA for approval a Work Plan to perform the work required by this Order. The Work Plan shall provide a concise description of the activities to be conducted to comply with the requirements of this paragraph, including those addressed below. The Work Plan shall address each of the tasks required in Paragraph 15, and generally shall include:

- a. The study, design and implementation of measures necessary to halt the discharge of oil into the environment and prevent reoccurrence of a discharge.
- b. Appropriate measures for an investigation of the extent and concentrations of petroleum hydrocarbon contamination discharged from the Site.
- c. The study, design and implementation of measures to clean up, remove and properly dispose all oil and petroleum contamination from the Site.
- d. A sampling plan that includes all sampling and analysis to be performed.
- e. Measures for appropriate post-removal controls.
- f. Schedules for implementing and completing all tasks in the Work Plan.

15. Implement the following actions immediately:
- a. Repair all damaged equipment to prevent future spills of petroleum or petroleum contaminated media into the environment. Provide EPA with a written explanation as to the cause of the spill including the amount of petroleum or petroleum contaminated materials released and recovered. Provide report no later than 30 days after the completion of the spill cleanup as determined by EPA.
 - b. Immediately cease the use of production water for the flushing of the unnamed creek. All flushing operations must use fresh water.
 - c. Prevent further releases or impacts to the environment from the release of crude oil or production water including: waters of the United States or the state of California; soils and sediments, flora and fauna and any other environmental impacts.
 - d. Remove all petroleum or petroleum contaminated media released from the spill from the environment. This includes, but is not limited to: crude oil, produced water, contaminated creek waters, contaminated soil along all access roads, contaminated soil in the unnamed creek, all drainage pathways to the unnamed creek, petroleum contaminated vegetation, habitat, Davis Tank Battery containment areas or debris in aforementioned watersheds.
 - e. Conduct wildlife hazing operations or restrict access to oil contaminated areas by wildlife. Restore all habitat to its natural state.
 - f. Submit a sampling plan on how post-removal confirmation sampling will be conducted. Determine background for the contaminants of concern (total petroleum hydrocarbons and constituents of the produced water) in impacted

areas using accepted scientific and statistical methods. Use this background level as the cleanup action level, except as otherwise directed by EPA. The sampling plan must include at a minimum: soil and creek water sampling strategy and methodology, number of samples collected, analysis to be conducted, quality assurance/quality control, data validation, and chain of custody procedures regarding all sampling and analyses performed pursuant to this Order. and a schedule. Submit sampling plan no later then December 16, 2005.

- g. Provide a daily update to On-Scene Coordinator ("OSC") R. Wise at wise.robert@epa.gov. Notify OSC R. Wise as to any deviations from the work plan via e-mail.
- h. Meet all requirements pursuant to Title 29 Code of Federal Regulations, §1910.120(b) - (o): Hazardous Waste Operations and Emergency Response (HAZWOPER). Provide proof of compliance with 29 CFR 1910.120(b); 1910.120(e) and 1910.120(f) no later then December 14, 2005 at 0800 hours.

16. Respondent shall send the Work Plan and all notices required by this Order to:

Robert Wise, OSC
Environmental Protection Agency
2250 Obispo Ave., Ste. 101
Signal Hill, CA 90755

17. The Work Plan shall be reviewed by EPA, which may approve, disapprove, require revisions, or modify the Work Plan. If EPA requires revisions, Respondent shall submit a revised draft Work Plan within two (2) days after receipt of EPA's notification of the required revisions. Once approved, the Work Plan shall be deemed to be incorporated into and made a fully enforceable part of this Order. Within five (5) days after EPA approves of the Work Plan or any portion of the Work Plan or other work specified by this Order, Respondent shall begin

implementation of the approved work.

18. Respondent shall perform the work necessary to complete the task(s) in this Order in accordance with the National Contingency Plan, 40 C.F.R. Part 300, and shall comply with the schedules specified in this Order and in the Work Plan submitted pursuant to Paragraph 14.

19. Respondent shall notify EPA of any field work being conducted in accordance with this Order at least one (1) day prior to work being performed.

20. Respondent shall notify EPA of any proposed response actions that are not described in this Order at least three (3) days prior to undertaking such actions.

VII. RESERVATION OF RIGHTS AND PENALTIES

21. This Order shall not preclude EPA from taking any action authorized by the CWA or any other applicable law. EPA reserves the right to direct all activities, and to comment on and direct off-facility shipping and disposal and all other matters related to the response action directed by this Order. Furthermore, nothing herein shall prevent EPA from seeking legal or equitable relief to enforce the terms of this Order or from taking any other legal or equitable action as it deems appropriate and necessary, or to require the Respondent in the future to perform additional activities pursuant to the CWA or other applicable law.

22. Violation of any term of this Order or oral direction from EPA may subject Respondent to an administrative civil penalty of up to \$32,500 per day of violation or an amount up to three times the costs incurred by the Oil Spill Liability Trust Fund as a result of such failure, under Section 311(b)(7)(B) of the CWA, 33 U.S.C. § 1321(b)(7)(B).

VIII. REPORTING REQUIREMENTS and ACCESS

23. Respondent shall submit daily progress reports to EPA until all actions required by this Order are complete, unless otherwise directed in writing by EPA via e-mail to the OSC at

wise.robert@epa.gov. These reports shall describe all significant developments during the preceding period, including work performed and any problems encountered, analytical data received during the reporting period, treatment and disposal information and developments anticipated during the next reporting period, including a schedule of work to be performed, anticipated problems, and planned resolutions of past or anticipated problems. The OSC may require more frequent reports when the activities at the Site warrant a higher reporting frequency.

24. Within thirty (30) days after completion of the actions required under this Order, the Respondent shall submit for EPA review and approval a final report summarizing these actions. The final report shall conform, at a minimum, with the requirements stated in 40 C.F.R. § 300.165 ("OSC Reports"). The final report shall include a good faith estimate of total costs incurred in complying with the Order, a listing of quantities and types of materials removed off-site or handled on-site, a discussion of removal and disposal options considered for those materials, a listing of the ultimate destinations of those materials, a presentation of the analytical results of all sampling and analyses performed, and accompanying appendices containing all relevant documentation generated during the removal action (e.g., manifests, invoices, bills, contracts, and permits). The final report also shall include the following certification signed by a person who supervised or directed the preparation of that report:

Under penalty of law, I certify that to the best of my knowledge, after appropriate inquiries of all relevant persons involved in the preparation of the report, the information submitted is true, accurate, and complete. *I am aware that under section 309(c)(4) of the CWA, 33 U.S.C. §1319(c)(4), there are significant penalties for submitting false information, including the possibility of fine and imprisonment for knowing violations.*

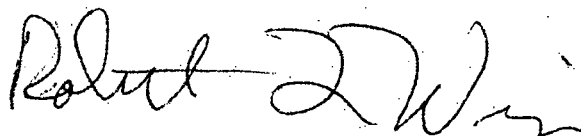
25. The Respondent shall provide EPA representatives access to the Site. The Respondent

also shall provide EPA representatives access to all records and documentation related to the release or threat of release at the Site or to Respondent's implementation of this Order. Nothing in this Order limits or otherwise affects EPA's right of access and entry pursuant to applicable law, including the CWA, the Resource Conservation and Recovery Act, 42 U.S.C. § 6901 et seq., and the Comprehensive Environmental Response, Compensation and Liability Act, 42 U.S.C. § 9601 et seq.

26. Where work under this Order is to be performed in areas owned by or in possession of someone other than the Respondent, the Respondent shall use its best efforts to obtain all necessary access agreements. Best efforts, as used in this paragraph, shall include the payment of reasonable compensation in consideration of granting access. The Respondent shall immediately notify EPA if it is unable to obtain such agreements. EPA may then assist the Respondent in gaining access using such means as EPA deems appropriate. EPA reserves the right to seek reimbursement from the Respondent for all costs and attorney's fees incurred by the United States in obtaining access for the Respondent.

IX. EFFECTIVE DATE

27. The Effective Date of this Order shall be the date received by the Respondent.



December 13, 2005

Robert Wise
On-Scene Coordinator
U. S. Environmental Protection Agency
Region 9

Date



**UNITED STATES ENVIRONMENTAL PROTECTION AGENCY
REGION IX
Emergency Response Section Equipment Warehouse Facility
2250 Obispo Ave., Suite 101
Signal Hill, CA 90755
(562) 986-6180**

December 13, 2005

Thomas Dahlgren
Greka Oil and Gas, Inc.
6527 Dominion Road
Santa Maria, CA 93454-09628

Dear Mr. Dahlgren:

Greka Oil and Gas (Greka) is in violation of items numbers 7 and 12 of the November 9, 2005, Notice of Federal Interest received by Mr. Robert Allan of Greka. On-Scene Coordinator Robert Wise has repeatedly requested proof of compliance with 29 Code of Federal Regulations §1910.120 and such has not been provided as requested. Based on this and information provided by the California Department of Fish and Game that employees working on-site have not completed the required training pursuant to 29 CFR 1910.120(e), the Environmental Protection Agency (EPA) is directing Greka to cease all cleanup operations at the spill located at 5017 Zaca Station Road, Zaca Field Lease, Davis Tank Battery immediately. All future cleanup operations will be conducted by the EPA.

Sincerely;

Robert Wise, CHMM
On-Scene Coordinator

cc: Andrew Helmlinger, EPA ORC
Mark Calhoon, EPA
Grant Oggel, DFG



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December 14, 2005

Robert Allen
Greka Oil and Gas, Inc.
6527 Dominion Road
Santa Maria, CA 93454-09628

Subject: Amendment to ORDER FOR REMOVAL, MITIGATION OR PREVENTION OF A
SUBSTANTIAL THREAT OF OIL DISCHARGE, No. OPA 311-09-2006-0001

Dear Mr. Allen:

This letter amends Order No. OPA 311-09-2006-0001. Pursuant to oral direction provided by Federal On-Scene Coordinator (FOSC) Robert Wise, the following items are added to item 15 of the Order.

1. All petroleum contaminated soil, debris or other materials must be disposed of off-site at permitted treatment, storage and disposal facility. No material may be stored on-site for future beneficial use.
2. No work on any contaminated areas are to performed by employees of Greka or contractors to Greka without express permission of the FOSC and proof of compliance with Title 29 Code of Federal Regulation §1910.120 (b) – (o).
3. Cleanup operations at the Davis Tank Battery are to be conducted by a HAZWOPER certified hazardous waste contractor and not by employees of Greka. Based on the review of the Greka Energy Safety Manual, dated October 18, 2004, the requirements pursuant to Title 29 CFR 1910.120(b)(1), Title 29 CFR 1910.120(b)(2) or Title 29 CFR 1910.120(b)(3) have not been met.

Sincerely;

Robert Wise, CHMM
On-Scene Coordinator

cc: Andrew Helmlinger, EPA ORC
Andrea Murphy, SBCoFD
Mark Calhoon, EPA
Grant Oggel, DFG



**UNITED STATES ENVIRONMENTAL PROTECTION AGENCY
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(562) 986-6180**

December 19, 2005

Bob Allen
Greka Oil and Gas, Inc.
6527 Dominion Road
Santa Maria, CA 93454-09628

Dear Mr. Allen:

The removal of the oil contaminated material at the Davis Tank Battery resulting from the December 7, 2005 spill has been conducted to the satisfaction of the U.S. Environmental Protection Agency. At this time no further removal of materials is required.

Sincerely;

A handwritten signature in black ink, appearing to read "Robert Wise", is positioned above the typed name.

Robert Wise, CHMM
On-Scene Coordinator

cc: Andrew Helmlinger, EPA ORC
Mark Calhoon, EPA
Grant Oggel, DFG